

Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 06289 142106Z

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00
USIA-06 TRSE-00 ERDA-05 MC-02 SS-15 NSC-05 SP-02
L-03 /069 W

-----057738 150311Z /64

R 142057Z JUL 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4116

INFO AMEMBASSY ROME

AMCONSUL MONTREAL

ALL OTHER CANADIAN CONSULS (BY POUCH)

LIMITED OFFICIAL USE OTTAWA 06289

ROME FOR RCAA DWOR-PASS ARAB POSTS SAS APPROPRIATE

E.O. 11652:N/A

TAGS: EAIR, EIND, CA

SUBJECT: AEROSPACE INDUSTRY: ORDERS FOR CANADIAN AIRCRAFT

REF: OTTAWA 5766; ROME 10884

1. INDUSTRY, TRADE AND COMMERCE MINISTER CHRETIEN
ANNOUNCED JULY 7 THAT THE ARAB PURCHASER OF 21 CHALLENGER
EXECUTIVE JET AIRCRAFT (NOT 19 AS OUR PREVIOUS REPORT
INDICATED) IS TAG FINANCE S.A., A SAUDIAN MULTINATIONAL
ORGANIZATION WITH OFFICES IN SAUDI ARABIA, LEBANON, KUWAIT,
EGYPT AND IN EUROPE. TAG WILL ACT AS DISTRIBUTOR IN ARAB
LEAGUE COUNTRIES. WE DO NOT KNOW WHAT RELATIONSHIP, IF
ANY, EXISTS BETWEEN TAG AND ARAR WINGS, AMMAN.

2. COMMENT: SUCCESS OF THE CHALLENGER PROGRAM IS HAVING
SIGNIFICANT IMPACT ON CANADAIR EMPLOYMENT WHICH FELL FROM
ABOUT 10,000 IN 1967 TO 1,600 IN 1976. IT HAS NOW RISEN TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 06289 142106Z

ABOUT 3,000 AND IS EXPECTED TO CLIMB OVER 4,000 NEXT YEAR
AS A RESULT OF THIS PROGRAM AND THE COMMENCEMENT OF LARGE-
SCALE WORK ON THE LOCKHEED LRPA. CANADAIR IS REALLY GEAR-
ING UP FOR THE LATTER AND TCO WAS RECENTLY INFORMED
LOCKHEED HAS ALMOST COMPLETED THE MOVE UP OF DOLLARS 100
MILLION WORTH OF TOOLING TO THE MONTREAL PLANT FOR THAT
PURPOSE. CANADAIR, HOWEVER, IS HAVING DIFFICULTY IN

RECRUITING DESIGN ENGINEERS WHICH ARE IN SHORT SUPPLY IN QUEBEC AND ELSEWHERE IN CANADA. AMERICAN ENGINEERS ARE AVAILABLE BUT REPORTEDLY ARE RELUCTANT TO TAKE UP EMPLOYMENT BECAUSE OF HIGH CANADIAN TAXATION. (THIS RELUCTANCE MAY BE CDMPOUNDED BY THE LANGUAGE QUESTION IN QUEBEC POLITICS, ALTHOUGH COMPANY OFFICIALS CONTINUE TO INSIST TO TCO THEIR PRIVATE TALKS WITH THE GOQ WILL RESULT IN SATISFACTORY ARRANGEMENTS FOR ENGLISH-ONLY TECHNICAL PERSONNEL IN HIGH-TECHNOLOGY INDUSTRY.)

3. SOME STRAIN MAY BE DEVELOPING BETWEEN THE GOVERNMENT OF QUEBEC AND CANADAIR. IT WILL BE RECALLED (SEE OTTAWA 4353 OF NOV. 1, 1976) THAT LAST FALL THE GOQ AGREED TO GUARANTEE DOLLARS 20 MILLION IN LOANS TO THE COMPANY (IN ADDITION TO THE DOLLARS 50 MILLION GUARANTEED BY THE GOC) FOR THE CHALLENGER PROGRAM IN RETURN FOR A PLACE ON CANADAIR'S BOARD OF DIRECTORS. CANADAIR PRESIDENT KEARNS RECENTLY TOLD PRESS THAT UNDERSTANDING HAS NOW FALLEN THROUGH AS NEW PARTI QUEBECOIS GOVERNMENT INSISTED ON SO MANY OTHER CONDITIONS THAT COMPANY DECIDED TO BACK OUT OF THAT PART OF THE AGREEMENT. THOSE CONDITIONS WERE NOT SPECIFIED. DUEMLING

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AEROSPACE INDUSTRY, SALES, AIRCRAFT
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA06289
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770251-1146
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770758/aaaabxoh.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8281566b-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 OTTAWA 5766, 77 ROME 10884
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1861638
Secure: OPEN
Status: NATIVE
Subject: AEROSPACE INDUSTRY: ORDERS FOR CANADIAN AIRCRAFT
TAGS: EAIR, EIND, CA, SA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8281566b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009